



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #650

General Transportation Aids (DOT -- Local Transportation Aid)

[LFB 2011-13 Budget Summary: Page 432, #1]

CURRENT LAW

General transportation aid distribution amounts for 2011 and thereafter are \$104,416,800 for counties and \$328,507,300 for municipalities. The mileage aid rate is set at \$2,117 per mile for 2011 and thereafter. The distribution and mileage aid amounts for 2011 are 3% higher than the corresponding amounts for 2010. General transportation aid payments are made from two sum certain, transportation fund appropriations.

A minimum guarantee provision specifies that no county may receive a decrease in its aid payment in excess of 2%, and no municipality may receive a decrease of more than 5%, of its last previous calendar year payment. All counties and municipalities must report their highway-related expenditures for each calendar year. If a local government files a late report, its total aid for the following year is reduced by 1% for each working day that the report is late, to a maximum reduction of 10% (the resulting payment cannot be less than 90% of the previous year's payment). If the report is not received within 30 days of the filing date, the payment is equal to 90% of the prior year's payment.

GOVERNOR

Provide decreases in funding for general transportation aids as follows:

a. *County Aid.* Decrease funding by \$329,400 SEG in 2011-12 and \$8,160,700 SEG in 2012-13 to provide a total of \$101,806,400 in 2011-12 and \$93,975,100 in 2012-13. Set the calendar year distribution at \$93,975,100 for calendar year 2012 and thereafter. This represents a 10% reduction from the 2011 aid level.

b. *Municipal Aid.* Decrease funding by \$11,641,200 SEG in 2011-12 and \$28,066,600 SEG in 2012-13 to provide a total of \$312,082,000 in 2011-12 and \$295,656,600 in 2012-13. Set the calendar year distribution at \$295,656,600 for calendar year 2012 and thereafter. This represents a 10% reduction from the 2011 aid level.

Establish the mileage aid rate at \$2,053 for calendar year 2012 and thereafter, which represents a 3% reduction to the 2011 rate. Repeal the statutory references to 2008 and 2009 calendar year aid payment and mileage aid rate amounts.

Minimum Payments. Specify that no county or municipality may receive a decrease in its general transportation aid payment in excess of 15% of its last previous calendar year aid payment.

Penalty Provisions. Specify that the aids payment for any county or municipality that fails to submit a substantially complete and accurate financial report form or fails to conduct an independent audit ordered by the Department would be equal to 85% of the general transportation aids actually paid during the previous year. In addition, for counties or municipalities that submit a late report, specify that the aid penalty of 1% of the current year aid payment for each day late cannot reduce the payment below 85% of the prior year payment.

DISCUSSION POINTS

1. General transportation aids are paid to local governments to assist in the maintenance, improvement, and construction of local roads. Separate appropriations are made for counties and municipalities. There are two basic formulas by which general transportation aid is distributed: (a) share of costs aid; and (b) mileage aid. Counties can receive only share of costs aid, while municipal payments are based on either share of costs aid or mileage aid, whichever is greater.

2. The general transportation aids program is the second largest program in DOT's budget (the state highway program is largest) and represents 27.3% of all transportation fund appropriations in 2010-11. The \$104,416,800 provided counties and the \$328,507,300 provided municipalities in 2011 helps offset the cost of local road construction, maintenance, traffic enforcement, and other transportation-related costs on 19,851 miles of county roads, 19,500 miles of city and village streets, and 62,038 miles of town roads.

3. In two of the past 10 years (2004 and 2005), the general transportation aid program received no funding increase and the share of county and municipal costs covered by state aid decreased. In years when near or above inflationary increases in aid were provided, the share of county and municipal costs covered by general transportation aid has been somewhat more stable. Table 1 indicates the percentage of eligible, six-year average costs covered by state general transportation aid for counties and municipalities on the share of costs formula, as well as the annual increase in general transportation aid.

TABLE 1

**Share of Six-Year Average Costs Covered by State Aid and Aid Increases
(2002-2011)**

| <u>Year</u> | <u>County Share of Costs %</u> | <u>Municipal Share of Costs %</u> | <u>Aid Increase</u> |
|-------------|------------------------------------|---------------------------------------|-------------------------|
| 2002 | 25.8% | 20.6% | 3.0% |
| 2003 | 25.8 | 20.5 | 4.0 |
| 2004 | 24.6 | 19.5 | 0.0 |
| 2005 | 23.2 | 18.7 | 0.0 |
| 2006 | 22.9 | 18.6 | 2.0 |
| 2007 | 22.5 | 18.3 | 2.0 |
| 2008 | 22.5 | 18.4 | 3.0 |
| 2009 | 22.5 | 18.5 | 3.0 |
| 2010 | 22.2 | 17.9 | 2.0 |
| 2011 | 22.2 | 18.0 | 3.0 |

4. As indicated in Table 1, the share of transportation costs covered by state funds has declined from 25.8% for counties in 2002 to 22.2% in 2011. During the same period, for municipalities on the share of cost formula, the share of transportation costs covered by state funds has declined from 20.6% in 2002 to 18.0% in 2011. The decline in state aid as a percentage of local costs indicates the state's general transportation aid payments have not kept up with the increase in local transportation costs eligible to be covered by that state aid over the ten-year period.

Impact of Aid Reduction on Various Types of Local Government

5. Transportation-related funding for local roads comes from local property tax revenues and from state and federal aid programs. Statewide, in 2011, general transportation aid covered 23.2% of the total, six-year average costs for all counties and municipalities. Local property taxes are likely the largest funding source for the remaining 76.8% of transportation-related spending on local roads. In order to provide a similar level of overall transportation funding and maintain their existing transportation infrastructure, counties and municipalities could typically increase their local share of funding to make up for the state aid reductions. However, since the bill includes a somewhat restrictive local levy limit for counties and municipalities, local governments may not be able to raise additional property taxes to replace the proposed reduction in state aid. Therefore, if a county or municipality wanted to increase local funding for transportation to replace the reduction in state aid, it would likely have to reduce local expenditures elsewhere in its budget.

6. An estimate of how each municipality would be affected by the proposed reduction is difficult to determine without the actual cost and mileage data needed to determine the 2012 general transportation aid distribution. For those municipalities on the share of costs formula component, aid payments are based on costs. A county's or a municipality's actual payment in any given year will

depend on how its six-year average costs change relative to those costs for all other counties or municipalities. Similarly, annual changes in mileage can impact a municipality's payment for those on mileage aid. In order to provide some sense of how given counties and municipalities would be affected, an aid estimate using the cost and mileage data used to make the 2011 general transportation aid distribution could be used (estimates for individual counties and municipalities are provided in the March 15, 2011, Legislative Fiscal Bureau memorandum entitled "Distribution of General Transportation Aid Under the Governor's 2011-13 Budget"). Under this methodology, the estimated share of costs percentage would be 20.2% for counties and 15.2% for municipalities. The following table compares the total estimated 2012 general transportation aid payments by type of local government using this estimate methodology with the actual 2011 payments. The total estimated change and percentage change in payments by government type is also provided. Actual payments to individual counties and municipalities will vary from this estimate depending on the actual, annual changes in costs and mileage submitted for the 2012 distribution.

TABLE 2

Total Estimated 2012 General Transportation Aid Payments by Government Type Under the Governor's Budget (Based on Cost Data Used for 2011 Payments)

| <u>Type of Government</u> | <u>2011 Actual</u> | <u>2012 Estimate</u> | <u>Change in Payments</u> | |
|---------------------------|--------------------|----------------------|---------------------------|----------------|
| | | | <u>Amount</u> | <u>Percent</u> |
| Towns | \$134,144,823 | \$129,275,987 | -\$4,868,836 | -3.6% |
| Villages | 46,094,227 | 40,051,325 | -6,042,902 | -13.1 |
| Cities | 148,268,250 | 126,329,288 | -21,938,962 | -14.8 |
| Counties | <u>104,416,800</u> | <u>93,975,100</u> | <u>-10,441,700</u> | -10.0 |
| Total | \$432,924,100 | \$389,631,700 | -\$43,292,400 | -10.0% |

7. As indicated in Table 2, overall funding for general transportation aids would be reduced by 10%, but the distribution of the reduction in aid among municipalities would result in a smaller reduction for towns than cities and villages. This would occur because most towns receive aid through the mileage aid component of the formula and the Governor is recommending that the mileage aid rate be reduced by only 3%, compared to the 10% reduction in overall funding. As a result, towns on the mileage aid rate draw more funds from the formula than they would if the reduction to the mileage aid rate more closely matched the 10% reduction in overall funding.

8. The Governor has indicated that the reductions in the bill for general transportation aid and other local aid programs would be offset by the changes to the state's collective bargaining laws included under 2011 Act 10. He indicates those changes would lead to reduced payroll costs for local governments, which would allow them to absorb the state aid reductions. Specifically, the Governor has pointed to the Act 10 provisions that would require local employees to pay the full employee share of

their pension contributions (generally 5.8% of salary) and additional health care premiums, both previously paid by the governmental employer, as the means by which local governments could reduce their payroll costs.

9. According to the administration, the proposed general transportation aid reductions for towns versus counties, cities, and villages is meant to reflect the concern that towns have less ability to offset aid reductions through the collective bargaining changes included under Act 10. Most towns on the mileage aid rate formula have very few employees and personnel costs. In addition, for a significant number of towns, their municipal employees are not part of the Wisconsin Retirement System and would not be subject to the pension contribution changes required under Act 10. Therefore, towns are less likely to be able to achieve the same payroll reductions as counties and other municipalities. The differential treatment of the reduction in the mileage aid rate compared to the overall reduction in the general transportation aid funding level is meant to account for this.

10. While towns receive a smaller percentage reduction in general transportation aids than the overall program reduction under the Governor recommendation, when combined with the proposed reduction in county and municipal aid, the aid reduction to towns is more near the total statewide reduction in aid for both programs. As indicated earlier, the 2012 general transportation aid reduction for towns was estimated at 3.6%, which is 36% of the statewide average 10% reduction. When the county and municipal aid reduction is combined with the general transportation aid reduction (see Table 3), towns receive an estimated, combined 7.8% reduction, which is 70.9% of the statewide average 11% reduction. A May 2, 2011, Legislative Fiscal Bureau analysis entitled "Taxes and State Aid Payments for Counties and Municipalities" included both taxes levied by those entities and the major state aid payments they receive. This analysis shows that, under the bill, all three types of municipal government would have an average reduction in their combined taxes plus aid payments of about 3% (-3.1% for towns, -3.0% for villages, and -3.4% for cities), while the average county reduction is estimated at 2.4%.

TABLE 3

**Total Estimated 2012 General Transportation Aid Payments and
County and Municipal Aid Payments by Government Type
Under the Governor's Budget**

| <u>Type of Government</u> | <u>2011 Actual</u> | <u>2012 Estimate</u> | <u>Change in Payments</u> | |
|-------------------------------|------------------------|--------------------------|---------------------------|----------------|
| | | | <u>Amount</u> | <u>Percent</u> |
| Towns | \$184,504,262 | \$170,047,932 | -\$14,456,330 | -7.8% |
| Villages | 113,524,275 | 100,352,179 | -13,172,096 | -11.6 |
| Cities | 708,568,334 | 643,846,060 | -64,722,274 | -9.1 |
| Counties | <u>256,152,944</u> | <u>209,211,244</u> | <u>-46,941,700</u> | -18.3 |
| Total | \$1,262,749,815 | \$1,123,457,415 | -\$139,292,400 | -11.0% |

Potential Changes to Mileage Aid Rate Funding

11. Under the general transportation aid program, town road costs have historically been aided at a greater rate than those for counties and other types of municipalities. In 2011, state aid covered 41.4% of the six-year average cost for towns compared to 22.5% for counties and 18.0% for other municipalities. Some towns receive aid at a rate higher than this 41.4% average, while more heavily populated towns on the share of cost component of the aid formula receive aid at the same rate as cities and villages. This situation is reversed when aid payments are examined in terms of mileage. On average, local governments received \$4,270 in 2011 payments for each mile of road under their jurisdiction. From this perspective, towns benefit the least, receiving an average of \$2,162 per mile, while cities and villages average \$9,967 per mile and counties average \$5,260 per mile. Table 4 provides information on state aid, six-year average costs, and mileage by local government type.

TABLE 4

General Transportation Aids, Costs, and Mileage by Government Type

| | 2011 State Aid | 2004-2009 Six-Year Average Costs | Aid as a Percent of Costs | 2009 Miles | Aid Per Mile |
|---------------------|--------------------|--|---------------------------------|---------------|-----------------|
| Towns | \$134,144,823 | \$323,985,207 | 41.4% | 62,038 | \$2,162 |
| Cities and Villages | 194,362,477 | 1,078,065,308 | 18.0 | 19,500 | 9,967 |
| Counties | <u>104,416,800</u> | <u>464,733,669</u> | <u>22.5</u> | <u>19,851</u> | <u>5,260</u> |
| Total | \$432,924,100 | \$1,866,784,184 | 23.2% | 103,389 | \$4,270 |

12. The preceding point illustrates that the relative success of each type of local government under the general transportation aid formula depends on the measure used to make the comparison. In addition to the measures mentioned above, estimates of vehicle miles traveled (VMT) can be used to give a sense of the traffic density on various road systems. Table 5 summarizes these various measures by type of government. As shown, towns have a lower share of VMT (10%) compared to either costs (17.4%) or miles (61.2%). This reflects the rural nature of most of their road network, serving large geographic areas with a dispersed population, requiring an extensive road system comprised primarily of low-density roads. Cities and villages have a share of VMT (47.3%) that is less than their share of costs (57.7%), but exceeds their share of mileage (19.2%). This is consistent with a network of high-density roads, which are more expensive to build and maintain.

TABLE 5

**Distribution of Aid, Costs, Mileage,
and Vehicle Miles Travelled by Government Type**

| | <u>Percent of 2011 Aid</u> | <u>Percent of 2004-09 Costs</u> | <u>Percent of 2009 Miles</u> | <u>Percent of 2009 VMT</u> |
|---------------------|--------------------------------|-------------------------------------|----------------------------------|--------------------------------|
| Towns | 31.0% | 17.4% | 61.2% | 10.0% |
| Cities and Villages | 44.9 | 57.7 | 19.2 | 47.3 |
| Counties | <u>24.1</u> | <u>24.9</u> | <u>19.6</u> | <u>42.7</u> |
| Total | 100.0% | 100.0% | 100.0% | 100.0% |

13. Any changes to the mileage aid rate would affect the distribution of general transportation aid to the municipalities on the share of costs formula if the funding level remains the same as under the bill. If the mileage aid rate is decreased compared to the bill, additional aid would be shifted to municipalities on the share of costs formula. Under a 10% reduction (\$1,905 per mile), all types of local governments in the state would be treated similarly and would receive, on average, a 10% reduction in aid. If the mileage aid rate is increased compared to the bill, municipalities on the share of costs component of the formula would see a further reduction in their aid compared to the bill, as more aid would be shifted to those on the mileage aid formula. Table 6 indicates the amount of funding that would be shifted to, or away from, municipalities on the mileage aid formula under various changes to the mileage aid rate [Alternative 2].

TABLE 6

**Potential Changes in the Mileage Aid Rate and the Expected
Shift in Funding if the Bill's Funding Level is Unchanged**

| <u>Percent Change In Mileage Aid Rate</u> | <u>2012 Mileage Rate*</u> | <u>Shift in Funding</u> |
|---|-------------------------------|-----------------------------|
| 0% | \$2,117 | \$3,614,600 |
| -2 | 2,075 | 1,248,800 |
| -4 | 2,032 | -1,196,000 |
| -6 | 1,990 | -3,596,700 |
| -8 | 1,948 | -6,010,000 |
| -10 | 1,905 | -8,492,500 |

* And thereafter.

14. Conversely, rather than funding any change in the mileage aid rate within the calendar

year funding levels recommended by the Governor, additional funding could be added or subtracted from the annual general transportation aid distribution to reflect the desired mileage aid rate. The annual changes in funding that would be needed to provide the various percentage changes in the mileage aid rate are indicated in Table 7 [Alternative 3].

TABLE 7

Potential Changes in the Mileage Aid Rate and the Required Change in Overall Funding to Fully Fund Those Changes

| <u>Percent Change In Mileage Aid Rate</u> | <u>2012 Mileage Rate*</u> | <u>Change in Calendar 2012 Funding*</u> | <u>Change to Bill</u> | |
|---|---------------------------|---|-----------------------|----------------|
| | | | <u>2011-12</u> | <u>2012-13</u> |
| 0% | \$2,117 | \$3,614,600 | \$1,807,300 | \$3,614,600 |
| -2 | 2,075 | 1,248,800 | 624,400 | 1,248,800 |
| -4 | 2,032 | -1,196,000 | -598,000 | -1,196,000 |
| -6 | 1,990 | -3,596,700 | -1,798,400 | -3,596,700 |
| -8 | 1,948 | -6,010,000 | -3,005,000 | -6,010,000 |
| -10 | 1,905 | -8,492,500 | -4,246,300 | -8,492,500 |

* And thereafter.

Potential Changes to the Minimum Guarantee

15. As mentioned earlier, the proposed 10% reduction in overall transportation aid funding with a 3% reduction in the mileage aid rate would result in most municipalities on the share of costs formula receiving a percentage reduction in their aid that is greater than the 10% overall funding reduction (between 10% and 15%). A county or municipality could also see a reduction in their aid that is greater than 10% if their six-year average costs decline or grow at a lesser rate in the biennium than those same costs for other counties or municipalities. If the Committee would like to ensure that no county or municipality would receive a reduction greater than 10%, the proposed minimum aid guarantee of 85% of the prior year aid payment could be increased to 90%. Any change to the minimum guarantee would affect the distribution of general transportation aid to the other counties or municipalities, if no additional funding is provided compared to the bill. If the minimum guarantee is increased compared to the bill and no additional funds are provided, approximately \$9,648,600 in funding would get shifted from those municipalities with a reduction greater than 10% under the bill to other municipalities. However, under the formula, this could only occur if all local governments were subject to a 10% reduction, including those receiving mileage-based aid. For counties, the corresponding shift in funding would be \$640,500.

16. Additional funding could be added to the annual general transportation aid distribution to fund a 90% minimum guarantee under the formula while not affecting other aid recipients. To provide the funding level needed to ensure that no county or municipality would receive greater than a

10% reduction in general transportation aid compared to 2011, additional amounts of \$160,100 in 2011-12 and \$640,500 in 2012-13 for counties and \$4,824,300 in 2011-12 and \$9,648,600 in 2012-13 for municipalities would be needed, with calendar year 2012 distribution increases of \$640,500 for counties and \$9,648,600 for municipalities [Alternative 4].

Potential Changes to Overall Funding

17. General transportation aid is calculated and paid on a calendar-year basis, with quarterly payments on the first Monday of January, April, July, and October for municipalities. Under the payment schedule for counties, DOT makes two installments, each equal to one-quarter of the calendar year total, on the first Monday of January and October and a third installment equal to one-half of the calendar year total on the first Monday of July. Therefore, for counties, only one-fourth, and for municipalities, only one-half, of the calendar year increase for 2011 was appropriated in 2010-11. The bill would fund the remaining portion of the 3% increase in 2011 county and municipal general transportation aid provided under 2009 Act 28. In fully funding these amounts, a \$7,065,100 annual increase in base level funding in 2011-12 and 2012-13 is provided under the bill. This increase is more than offset by the proposed 10% funding reduction for aid in calendar year 2012 and thereafter, which results in the net reduction in base level funding for general transportation aids of \$11,970,600 in 2011-12 and \$36,227,300 in 2012-13. If the Governor's recommendation is deleted and no increase to base level funding is provided to fully fund current law aid levels, payments for 2011 and thereafter would have to be prorated at 97.8% for counties and 98.5% for municipalities [Alternative 6].

18. Under the bill, other state aid programs would receive a significant reduction in funding in the biennium. Similar to general transportation aid, state mass transit assistance funding would be reduced by 10% in 2012, with no increase in 2013. In contrast, the Governor's recommendations would increase transportation fund appropriations over the biennium for the state's highway construction and rehabilitation programs. Combined total transportation fund appropriations for mass transit, general transportation aids, and the state highway programs would be reduced by 0.5% compared to the base year appropriations doubled for the same programs. If the Committee wanted to provide a uniform 0.5% reduction to all three programs, only a 3.0% reduction in general transportation aids in 2012 would be needed, with no additional change in 2013 and thereafter. Compared to the bill, the additional funding for general transportation aids that would be needed to fund these distribution levels would be \$1,827,300 in 2011-12 and \$7,309,200 in 2012-13 for counties [Alternative 5c] and \$11,497,700 in 2011-12 and \$22,995,500 in 2012-13 for municipalities [Alternative 5i].

19. Table 8 shows the funding amounts associated with different annual percentage rate changes for the general transportation aid program (due to the difference between the state's fiscal year and the general transportation aid payment dates, above-base funding would be required even with no calendar year increase or for one year under the 2% decrease option). Compared to the bill, each of these alternatives would provide a smaller calendar year aid reduction from 2011 to 2012 and would then maintain that aid level in 2013 and thereafter [Alternative 5]. The "0% Change" alternative would maintain the 2011 aid level in 2012 and thereafter and would require an increase of \$62,328,100 to the bill's funding level. [Alternatives 5a and 5g].

TABLE 8

Funding Needed for Various Percentage Changes

| 2012 Change | Change to Base | | Change to Bill | |
|----------------|----------------|----------------|----------------|----------------|
| | <u>2011-12</u> | <u>2012-13</u> | <u>2011-12</u> | <u>2012-13</u> |
| 0% | \$7,065,100 | \$7,065,100 | \$19,035,700 | \$43,292,400 |
| -2 | 3,258,000 | -1,593,300 | 15,228,600 | 34,634,000 |
| -4 | -549,200 | -10,251,800 | 11,421,400 | 25,975,500 |
| -6 | -4,356,300 | -18,910,300 | 7,614,300 | 17,317,000 |
| -8 | -8,163,500 | -27,568,800 | 3,807,100 | 8,658,500 |

ALTERNATIVES

1. Approve the Governor's recommendation to decrease funding by 10% in the 2012 calendar year and to provide no increase in the 2013 calendar year. The general transportation aid appropriations would be decreased as follows: (a) -\$329,400 SEG in 2011-12 and -\$8,160,700 SEG in 2012-13 to provide a total of \$101,806,400 in 2011-12 and \$93,975,100 in 2012-13 for counties; and (b) -\$11,641,200 SEG in 2011-12 and -\$28,066,600 SEG in 2012-13 to provide a total of \$312,082,000 in 2011-12 and \$295,656,600 in 2012-13 for municipalities. Set the calendar year distribution at \$93,975,100 for 2012 and thereafter for counties and at \$295,656,600 for 2012 and thereafter for municipalities. Establish the mileage aid rate at \$2,053 for calendar year 2012 and thereafter. Repeal obsolete statutory references to 2008 and 2009 calendar year aid payment and mileage aid rate amounts.

In addition, specify the following: (a) that no county or municipality may receive a decrease in its general transportation aid payment in excess of 15% of its last previous calendar year aid payment; (b) the aid payment for any county or municipality that fails to submit a substantially complete and accurate financial report form or fails to conduct an independent audit ordered by the Department would be equal to 85% of the general transportation aids actually paid during the previous year; and (c) for counties or municipalities that submit a late report, specify that the aid penalty of 1% of the current year aid payment for each day late cannot reduce the payment below 85% of the prior year payment.

2. Modify that Governor's recommendation by specifying one of the following changes in the mileage aid rate for municipalities. No additional funding would be provided. The annual funding amount that would be shifted to/from municipalities on the mileage aid rate is also indicated.

| | <u>Percent Change in 2012 Mileage Aid Rate</u> | <u>2012 Mileage Rate*</u> | <u>Annual Shift in Funding To/From Mileage Rate Municipalities</u> |
|----|--|-------------------------------|--|
| a. | 0% | \$2,117 | \$3,614,600 |
| b. | -2 | 2,075 | 1,248,800 |
| c. | -4 | 2,032 | -1,196,000 |
| d. | -6 | 1,990 | -3,596,700 |
| e. | -8 | 1,948 | -6,010,000 |
| f. | -10 | 1,905 | -8,492,500 |

* And thereafter.

3. Modify that Governor's recommendation by specifying one of the following changes in the mileage aid rate for municipalities and make the corresponding change in the general transportation aid distribution funding level (no shifting between mileage aid and share of costs municipalities would occur).

| | <u>% Change in 2012 Mileage Rate</u> | <u>2012 Mileage Rate*</u> | <u>Change in Calendar Year 2012 Funding*</u> | <u>SEG Change to Bill</u> | | |
|----|--|-----------------------------------|--|---------------------------|----------------|-----------------|
| | | | | <u>2011-12</u> | <u>2012-13</u> | <u>Biennium</u> |
| a. | 0% | \$2,117 | \$3,614,600 | \$1,807,300 | \$3,614,600 | \$5,421,900 |
| b. | -2 | 2,075 | 1,248,800 | 624,400 | 1,248,800 | 1,873,200 |
| c. | -4 | 2,032 | -1,196,000 | -598,000 | -1,196,000 | -1,794,000 |
| d. | -6 | 1,990 | -3,596,700 | -1,798,400 | -3,596,700 | -5,395,100 |
| e. | -8 | 1,948 | -6,010,000 | -3,005,000 | -6,010,000 | -9,015,000 |
| f. | -10 | 1,905 | -8,492,500 | -4,246,300 | -8,492,500 | -12,738,800 |

* And thereafter.

4. Modify the Governor's recommendation by increasing the proposed minimum aid guarantee from 85% to 90% of the prior year payment. Provide \$160,100 SEG in 2011-12 and \$640,500 SEG in 2012-13 for counties and \$4,824,300 SEG in 2011-12 and \$9,648,600 SEG in 2012-13 for municipalities (no funding shift would occur). Increase the distribution for calendar year 2012 and thereafter by \$640,500 for counties and \$9,648,600 for municipalities. Delete the Governor's recommended changes from 90% to 85% under the penalty provisions to reflect the change in the minimum guarantee.

| ALT 4 | Change to Bill Funding |
|--------------|-----------------------------------|
| SEG | \$15,273,500 |

5. Modify the Governor's recommendation by providing general transportation aid changes (SEG) for calendar year 2012 (and thereafter) at one of the following percentages. Set the county and municipal distributions, establish the mileage aid rate, and change the general transportation aid

appropriations as shown below.

| | <u>% Change in 2012 Aid</u> | <u>Calendar Year County Distribution</u> | | <u>SEG Change to Base</u> | | <u>SEG Change to Bill</u> | |
|----|---------------------------------|--|--|---------------------------|----------------|---------------------------|----------------|
| | | <u>2012*</u> | | <u>2011-12</u> | <u>2012-13</u> | <u>2011-12</u> | <u>2012-13</u> |
| a. | 0% | \$104,416,800 | | \$2,281,000 | \$2,281,000 | \$2,610,400 | \$10,441,700 |
| b. | -2 | 102,328,500 | | 1,758,900 | 192,700 | 2,088,300 | 8,353,400 |
| c. | -3 | 101,284,300 | | 1,497,900 | -851,500 | 1,827,300 | 7,309,200 |
| d. | -4 | 100,240,100 | | 1,236,800 | -1,895,700 | 1,566,200 | 6,265,000 |
| e. | -6 | 98,151,800 | | 714,800 | -3,984,000 | 1,044,200 | 4,176,700 |
| f. | -8 | 96,063,500 | | 192,700 | -6,072,300 | 522,100 | 2,088,400 |

| | <u>% Change in 2012 Aid</u> | <u>2012 Mileage Rate*</u> | <u>Calendar Year Municipal Distribution</u> | | <u>SEG Change to Base</u> | | <u>SEG Change to Bill</u> | |
|----|---------------------------------|-----------------------------------|---|-------------|---------------------------|----------------|---------------------------|----------------|
| | | | <u>2012*</u> | | <u>2011-12</u> | <u>2012-13</u> | <u>2011-12</u> | <u>2012-13</u> |
| g. | 0% | \$2,117 | \$328,507,300 | \$4,784,100 | \$4,784,100 | \$16,425,300 | \$32,850,700 | |
| h. | -2 | 2,075 | 321,937,200 | 1,499,100 | -1,786,000 | 13,140,300 | 26,280,600 | |
| i. | -3 | 2,053 | 318,652,100 | -143,500 | -5,071,100 | 11,497,700 | 22,995,500 | |
| j. | -4 | 2,032 | 315,367,000 | -1,786,000 | -8,356,100 | 9,855,200 | 19,710,500 | |
| k. | -6 | 1,990 | 308,796,900 | -5,071,100 | -14,926,300 | 6,570,100 | 13,140,300 | |
| l. | -8 | 1,948 | 302,226,700 | -8,356,200 | -21,496,500 | 3,285,000 | 6,570,100 | |

* And thereafter.

6. Delete provision. (No change to base level funding would be provided and payments 2011 and thereafter would be prorated at 97.8% for counties and 98.5% for municipalities).

| ALT 6 | Change to Bill Funding |
|--------------|-----------------------------------|
| SEG | \$48,197,900 |

Prepared by: Al Runde